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April 26, 2004

MICHIGAN PUBLIC
SERVICE COMMISSION

Chairman Peter Lark
Commissioner Laura Chappelle
Commissioner Robert Nelson
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Re: Case No: U-13808

Dear Commissioner(s) Lark, Chappelle & Nelson:

United Utilities, L.L.C. submits this letter pursuant to Rule 207 of the Commission's Rules of Practice and Procedure, R 460.17207, to urge you to take certain steps in the resolution of pending case U-13808 designed to foster, encourage and enable the exercise of electric customer choice by landlords and tenants, and in particular residents of office buildings, apartment buildings and mobile home parks.

United Utilities, L.L.C. is a Michigan limited liability company established in 2003 for the purpose of providing service to owners and managers of multi-tenant commercial and residential buildings, by analyzing utility usage and costs and advising those owners and managers on strategies to reduce utility costs. United Utilities, L.L.C. also assists owners and property managers in arranging for the procurement of energy and utility services so that their clients and their clients' tenants may realize benefit of those cost savings. United Utilities, L.L.C. currently provides these services to owners and managers of commercial properties within Detroit Edison's electric service territory and other areas of Michigan and desires to provide these services to numerous other owners and managers throughout the state of Michigan. However, United Utilities' ability to expeditiously serve the owners and managers of multiple occupancy residential buildings and mobile home parks is significantly impeded by one key provision of Detroit Edison's service tariffs.

I specifically wish to direct your attention to existing Rule B-4.8(2), entitled "Expiration of Master Meters" which can be found in Detroit Edison's existing service tariff. This provision operates to deny the advantages of customer choice to the occupants of multiple occupancy buildings, and in particular to the occupants of residential facilities such as apartment buildings and mobile home parks.

Rule B-4.8(2) provides that after August 1, 1979, no newly constructed apartment building, mobile home facility or other multiple occupancy dwelling which receives service from The Detroit Edison Company may have a master electric meter. That is to say, that after that date service must be rendered directly to each individual occupant of each such facility and separately metered.

In practice this prohibition, although apparently intended to foster awareness of energy use during the energy crisis of the 1970's, makes it impossible for a landlord, owner, or operator of a multiple occupancy facility to function as an aggregator of electric load, and thereby secure for the enjoyment of owners, operators and residents, alike, the opportunity to participate in the choice program because of the now well-known reluctance of alternative electric suppliers to market to residential customers.

It has been observed by many, including The Detroit Edison Company according to reports in the press, that alternative electric suppliers in the Detroit Edison service territory have been concentrating their efforts on commercial customers. Reportedly, the reason for this is that commercial customers are paying more than their fair share for service, thereby subsidizing the rates of industrial and residential customers. Residential customers, therefore, have been largely ignored by alternative electric suppliers as the rates for their service are arguably artificially low and the costs of marketing to the relatively low use residential customers is disproportionately high.

Our experience has led us to believe that the removal of the Rule B-4.8(2) prohibition against master metering would have the following beneficial effects:

1. Landlords and the property managers who, if they were purchasing electric power for the entire population of the buildings they manage would be purchasing under commercial rate schedules, would be permitted to aggregate and arrange the purchase of power for all the residents of their premises. By purchasing service from The Detroit Edison Company or from an alternative electric supplier at commercial rates the total cost of electricity to the landlord and all of the landlord's tenants would be reduced;
2. Residents of multiple occupancy residential facilities would be able to enjoy the benefits of electric choice as the indirect participants in a collective system of energy purchasing. Residents, for the first time, would become attractive to alternative electric suppliers who would view them effectively as commercial rather than residential load and who would not be deterred by the cost of marketing to and administering a load of dozens or even hundreds of individual customers;

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3. The Detroit Edison Company would benefit if a number of present residential customers were effectively converted to commercial customers by the success of landlord aggregation, if those customers subsequently elected alternative electric suppliers from whom to purchase their power.

* Attached to this letter as Exhibit A is a proposed revised Rule B-4.8 designed to alleviate the shortcomings of the present rule addressed in this letter.

Thank you for your assistance in this matter.

Very truly yours,

United Utilities, LLC



Ronald Kepes
Managing Partner

Attachment

* nothing attached - S*